

areas experiencing changes in their economic situation which are causing, or threaten to cause, serious structural damage to the underlying economic base. Such changes may occur suddenly or over time, for example, as a result of industrial or corporate restructuring in response to technological advancements or changes in the marketplace, new Federal laws or requirements, reductions in defense expenditures, or depletion of natural resources or natural disasters.

(b) Economic Adjustment grants are awarded for the purpose of enabling communities in such areas to meet the challenge of economic change more effectively through the development and implementation of strategies for inducing capital investment in production of the types of goods and/or services for which the community may have or be able to develop a comparative economic advantage, and which will lead to economic recovery and saving and/or creating permanent jobs.

(c) Overall funding objectives of this program are to:

(1) Provide impacted communities with the skills and knowledge needed to organize and carry out a strategic planning process focusing on increasing the productivity and competitiveness of a community's assets, such as for example, existing industries and business acumen, natural resources, or labor force skills;

(2) Expand the capacity of public officials and development organizations to work more effectively with their business community to identify and address unmet needs of the types of firms identified in area strategies. Such needs include, for example, management assistance and information to help with modernization, financing, market research, and new product development;

(3) Assist communities to overcome critical impediments to implementing their adjustment strategy. Such impediments include, for example, a lack of available financing for the businesses or weaknesses in economic infrastructure;

(4) Enable communities to plan and coordinate:

(i) The use of Federal, and/or other resources available to support eco-

nomic recovery from Federal actions adversely affecting a major industrial sector;

(ii) The economy of a discrete geographic region; or

(iii) Recovery from natural disasters.

(5) Encourage the development of innovative public/private approaches to economic restructuring and revitalization.

§ 308.2 Use of economic adjustment grants.

(a) Grants shall be used to develop or implement economic adjustment strategies. Strategy grants provide the resources for organizing and conducting a strategic planning process. Implementation grants support one or more activities identified in an adjustment strategy approved by EDA. Such activities include the following, which may be undertaken singly or in combination:

(1) Infrastructure improvements, such as for example, acquisition, site preparation, construction, rehabilitation and/or equipping of eligible facilities;

(2) Provision of business financing through establishment of locally administered revolving loan funds (RLFs);

(3) Planning, including strategy development, updating or refinement;

(4) Market or industry research and analysis;

(5) Technical assistance, including organizational development such as business networking, restructuring or improving the delivery of business services, or for feasibility studies;

(6) Public Services;

(7) Training; and

(8) Other activities as justified by the economic adjustment strategy which meet statutory and regulatory requirements.

(b) Adjustment grants may be disbursed by the grantee through direct expenditures or through redistribution by them to public and private entities.

(1) Redistribution in the form of grants may only be to units of government or to public or private non-profit organizations.

(2) Redistribution in the form of loans, loan guarantees or other appropriate assistance may be to public or private entities.

§ 308.3 Eligible applicants.

Eligible applicants within areas meeting the EDA eligibility criteria described below include:

- (a) A redevelopment area or economic development district established under Title IV of the Act;
- (b) An American Indian tribe;
- (c) A State;
- (d) A city or other political subdivision of a state;
- (e) A consortium of such political subdivisions;
- (f) A Community Development Corporation;
- (g) A non-profit organization determined by EDA to represent the interests of a redevelopment area(s) or economic development districts with respect to the objectives of the Economic Adjustment program; and
- (h) The Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

§ 308.4 Eligible areas.

(a) *General.* The area(s) to be assisted by the applicant must be eligible on the basis of the criteria described below for establishing that it is experiencing either Long-Term Economic Deterioration (LTED) or a Sudden and Severe Economic Dislocation (SSED) or a Special Need.

(b) *LTED.* The area must be experiencing at least one of three economic problems:

- (1) Very high unemployment;
- (2) Low per capita income; or
- (3) Chronic distress (i.e., failure to keep pace with national economic growth trends over the last 5 years). Priority consideration will be given to those areas with two or more of these indicators. Eligibility is generally determined statistically. Further information is available from EDA's regional offices and EDRs (see § 300.4 of this chapter).

(c) *SSED.* The area must show actual or threatened permanent job losses that exceed the following threshold criteria:

(1) For areas not in Metropolitan Statistical Areas:

(i) If the unemployment rate of the Labor Market Area exceeds the national average, the dislocation must amount to the lesser of 2 percent of the employed population, or 500 direct jobs; and

(ii) If the unemployment rate of the Labor Market Area is equal to or less than the national average, the dislocation must amount to the lesser of 4 percent of the employed population, or 1,000 direct jobs.

(2) For areas within Metropolitan Statistical Areas:

(i) If the unemployment rate of the Metropolitan Statistical Area exceeds the national average, the dislocation must amount to the lesser of 0.5 percent of the employed population, or 4,000 direct jobs; and

(ii) If the unemployment rate of the Metropolitan Statistical Area is equal to or less than the national average, the dislocation must amount to the lesser of 1 percent of the employed population or 8,000 direct jobs.

(3) In addition, 50 percent of the job loss threshold must result from the action of a single employer, or 80 percent of the job loss threshold must occur in a single standard industry classification (i.e., two digit SIC code).

(4) Actual dislocations must have occurred within one year and threatened dislocations must be anticipated to occur within 2 years of the date EDA is contacted.

(5) In the case of a Presidentially declared disaster, the area eligibility criteria findings are waived.

(d) *Special need.* An area must be determined by EDA to require assistance for another kind of economic adjustment problem or problems.

§ 308.5 Selection process.

(a) Projects will be selected in accordance with § 304.1 of this chapter.

(b) Applicants for funding of a Revolving Loan Fund (RLF) are generally required to submit a RLF Plan in addition to the adjustment strategy for the area. Guidelines on RLFs are available